

**TOWNSHIP OF HOME
NEWAYGO COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2008

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TOWNSHIP OF HOME

Board Members

	<u>Position</u>
Earl Spalo	Supervisor
Laurie Jackson	Clerk
Deborah Wilkinson	Treasurer
Leroy Jackson	Trustee
Dennis Anderson	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Township of Home
Newaygo County

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Home Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Home Township, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 19 through 22, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Muskegon, MI 49444
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Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
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Toll Free (800) 924-6891

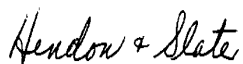
Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
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Phone (231) 873-5611
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As discussed in Note A, the Township adopted Governmental Accounting Standards Board Statement No. 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant funds, as well as in total on the full accrual basis of accounting.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Home Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
October 24, 2008

TOWNSHIP OF HOME

Management's Discussion and Analysis

March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased from 2006. This was the result of a \$15,000 increase in cash. Revenues increased slightly over 2007/2008 due primarily to slight increases in state grants and tax collections. Revenue Sharing continues to be a target for cuts, so we are anticipating a slight decrease in revenue for this area as well. In a condensed format, the table below shows key financial information (in future years, when more information is available a comparative analysis will be made):

	Governmental Activities <u>2008</u>
Current Assets	\$ 79,816
Noncurrent Assets	<u>4,350</u>
Total Assets	<u>\$ 84,166</u>
Long-Term Debt Outstanding	\$ -
Other Liabilities	<u>1,962</u>
Total Liabilities	<u>\$ 1,962</u>
Net Assets	
Invested in Capital Assets-Net of Debt	\$ 4,350
Unrestricted	<u>77,854</u>
Total Net Assets	<u>\$ 82,204</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operating increased for the governmental activities.

	Governmental Activities <u>2008</u>
Program Revenues	
Charges for Services	450
General Revenues	
Property Taxes	46,125
PTAF	4,025
State Shared Revenues	17,958
Grant Sources	1,010
Reimbursements	6,616
Interest	1,416
Miscellaneous	<u>2,604</u>
Total Revenues	\$ 80,204

Management's Discussion and Analysis (Continued)

Program Expenses	
General Government	28,881
Public Safety	15,797
Public Works	25,090
Community & Economic Dev.	1,786
Other	5,124
	<hr/>
Total Expenses	76,678
	<hr/>
Change in Net Assets	\$ 3,526
	<hr/>

Governmental Activities

The Township's total governmental revenues increased from 2007 to 2008. This was due from an increase in property taxes collected.

Expenses increased over the prior year largely due to an increase in road brining costs as well as fire services.

Business-Type Activities

The Township had not business type activities.

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2008 include the General Fund, the Fire Fund, the Brine Fund, and the Bridge Fund.

General Fund Budgetary Highlights

The Township Board made minor amendments to the budget at the end of the year to take into account events during the year. However, the Board over-expended on two activities as reported in the notes to the financial statements.

Capital Asset and Debt Administration

At the end of 2008, the Township had \$23,922 invested in capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the township's financial statements because of Michigan law, which makes these roads property of the Newaygo County Road Commission (along with the responsibility to maintain them).

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2009 calls for a decrease in miscellaneous income of \$10,000. The Township also projects that state shared revenue, property taxes and interest will remain about the same. The expenditure budget was increased by over 30% over the 2008 budget.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

TOWNSHIP OF HOME

Government Wide Statement of Net Assets March 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 73,626
Taxes Receivable	6,190
Property and Equipment	23,922
Accumulated Depreciation	<u>(19,572)</u>
 Total Assets	 84,166
 Liabilities and Net Assets	
 Liabilities	
Accounts Payable	<u>1,962</u>
 Total Liabilities	 1,962
 Net Assets	
Invested in Capital Assets	
Net of Related Debt	4,350
Unrestricted	<u>77,854</u>
 Total Net Assets	 <u><u>\$ 82,204</u></u>

The Notes to the Financial Statements are an integral part of this statement

TOWNSHIP OF HOME

Government Wide Statement of Activities For the Year Ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	\$ 28,881	\$ 450	\$ (28,431)
Public Safety	15,797	-	(15,797)
Public Works	25,090	-	(25,090)
Community & Economic Dev.	1,786	-	(1,786)
Other	5,124	-	(5,124)
Total Primary Government	<u>\$ 76,678</u>	<u>\$ 450</u>	<u>(76,228)</u>

General Revenues

Property Taxes - Levied for General Purpose	9,263
Property Taxes - Levied for Public Safety	15,797
Property Taxes - Levied for Public Works	21,065
PTAF	4,025
State Sources	17,958
Grant Sources	1,010
Reimbursements	6,616
Interest Income	1,416
Miscellaneous	2,604

Total General Revenues	<u>79,754</u>
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Change in Net Assets	3,526
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Net Assets - Beginning, 2004	78,678
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Net Assets - Ending, 2005	<u>\$ 82,204</u>
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The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Governmental Fund Balance Sheet March 31, 2008

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Brine Fund</u>	<u>Bridge Fund</u>	<u>Total (Memo Only)</u>
Assets					
Cash	\$ 42,822	\$ -	\$ 10,577	\$ 20,227	\$ 73,626
Taxes Receivable	<u>1,611</u>	<u>1,962</u>	<u>2,617</u>	<u>-</u>	<u>6,190</u>
Total Assets	<u>44,433</u>	<u>1,962</u>	<u>13,194</u>	<u>20,227</u>	<u>79,816</u>
Liabilities					
Accounts Payable	<u>-</u>	<u>1,962</u>	<u>-</u>	<u>-</u>	<u>1,962</u>
Total Liabilities	<u>-</u>	<u>1,962</u>	<u>-</u>	<u>-</u>	<u>1,962</u>
Fund Equity					
Unreserved	<u>44,433</u>	<u>-</u>	<u>13,194</u>	<u>20,227</u>	<u>77,854</u>
Total Liabilities and Fund Equity	<u>\$ 44,433</u>	<u>\$ 1,962</u>	<u>\$ 13,194</u>	<u>\$ 20,227</u>	<u>\$ 79,816</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Assets
For the Year Ended
March 31, 2008

Total Governmental Fund Balances	\$	77,854
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	23,922
Governmental Accumulated Depreciation	<u>(19,572)</u>
Total Net Assets - Governmental Activities:	<u>\$ 82,204</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2008

	General Fund	Fire Fund	Brine Fund	Bridge Fund	Total Governmental Funds
Revenues					
Taxes	\$ 9,263	\$ 15,797	\$ 21,065	\$ -	\$ 46,125
State Grants	17,958	-	-	-	17,958
PTAF	4,025	-	-	-	4,025
Grants - Cemetery	1,010	-	-	-	1,010
Interest	1,416	-	-	-	1,416
Reimbursements	-	-	6,616	-	6,616
Permits	450	-	-	-	450
Miscellaneous	2,604	-	-	-	2,604
Total Revenues	36,726	15,797	27,681	-	80,204
Expenditures					
General Government	28,034	-	-	-	28,034
Public Safety	-	15,797	-	-	15,797
Public Works	-	-	25,090	-	25,090
Community & Eco. Dev.	1,786	-	-	-	1,786
Unallocated	5,124	-	-	-	5,124
Total Expenditures	34,944	15,797	25,090	-	75,831
Excess Revenue Over (Under) Expenditures	1,782	-	2,591	-	4,373
Fund Balance - Beginning	42,651	-	10,603	20,227	73,481
Fund Balance - Ending	<u><u>\$ 44,433</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,194</u></u>	<u><u>\$ 20,227</u></u>	<u><u>\$ 77,854</u></u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	4,373
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	-	
Capital outlay reported as expenses in statement of activities	-	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) in assets	-	
Depreciation expense reported in the statement of activities	(847)	(847)

Changes in Net Assets - Governmental Activities	\$	<u>3,526</u>
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The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Notes to the Financial Statements
For the Year Ended March 31, 2008

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Home Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Home Township.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- a. A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- b. Financial statements prepared using full accrual accounting for all of the Township's activities.
- c. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

Notes to the Financial Statements (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes which are recorded as revenue in the year of levy. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Notes to the Financial Statements (continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$6,190 were received in June 2008, which exceeds the general rule (60 days), however is soon enough to pay liabilities of the current period. These taxes have been recorded as revenue for the current year.

The 2007 taxable valuation of the Township was \$11,456,748 on which consisted of 1 mill for general operating, 1.5 mills for fire operating and protection and 2 mills for road brining raising \$9,263 for operating, \$15,797 for fire operating and protection, \$21,065 for road brining. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire fund accounts for the resources of property tax revenue and charges for services that are restricted for fire protection purposes.

The Brine Fund accounts for revenues and expenditures relating to road brining.

The Bridge Fund accounts for revenues and expenditures relating to construction and repairs of township bridges.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Notes to the Financial Statements (continued)

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Capital Assets - Capital assets, which include property, building and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, building and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
General Equipment	5 to 10 years

Salvage value is estimated at 10% of cost

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. As of March 31, 2008 the Township has no outstanding debt.

Notes to the Financial Statements (continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. No amendments are approved during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were materially in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
Fire Fund - Contracted Services	15,396	15,797

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Notes to the Financial Statements (continued)

The Township Board has designated Chemical Bank for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits were reported in the basic financial statements in the following

	Governmental Activities	Fiduciary Funds	Primary Government
Cash and Cash Equivalents	\$ 73,626	\$ -	\$ 73,626

The bank balance of the Township's deposits is \$90,813 of which all is covered by federal depository insurance.

NOTE D RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, which for the current year there are none due to the assurance of collection from the County of significantly all delinquent taxes, are as follows:

	General Fund	Fire Fund	Brine Fund	Bridge Fund	Total
Property Taxes	\$ 1,611	\$ 1,962	\$ 2,617	\$ -	\$ 6,190
Less Allowance for Uncoll.	-	-	-	-	-
Net Receivables	<u>\$ 1,611</u>	<u>\$ 1,962</u>	<u>\$ 2,617</u>	<u>\$ -</u>	<u>\$ 6,190</u>

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 500	\$ -	\$ -	\$ 500
Capital Assets Being Depreciated				
Building & Equipment	<u>23,422</u>	<u>-</u>	<u>-</u>	<u>23,422</u>
Less Accumulated Depreciation for Building	<u>(18,725)</u>	<u>(847)</u>	<u>-</u>	<u>(19,572)</u>
Net Capital Assets being depreciated	<u>4,697</u>	<u>(847)</u>	<u>-</u>	<u>3,850</u>
Total Governmental Activities Capital Assets - Net of Depreciation	<u>\$ 5,197</u>	<u>\$ (847)</u>	<u>\$ -</u>	<u>\$ 4,350</u>

Notes to the Financial Statements (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:

General Government	<u>\$ 847</u>
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NOTE F PAYABLES

Payables at March 31, 2008, were as follows:

Lilley Township Fire	<u>\$ 1,962</u>
Total Payables	<u>\$ 1,962</u>

NOTE G INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Township had no transfers between funds during the year.

NOTE H RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

TOWNSHIP OF HOME

Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 44,029	\$ 44,029	\$ 42,651	\$ (1,378)
Resources (Inflows)				
Property Taxes	9,000	9,028	9,263	235
State Shared Revenue	17,000	15,027	17,958	2,931
Grants	-	-	1,010	1,010
PTAF	4,000	5,291	4,025	(1,266)
Permits	-	-	450	450
Interest	1,500	1,416	1,416	-
Miscellaneous	15,000	9,326	2,604	(6,722)
Amounts Available for Appropriation	90,529	84,117	79,377	(4,740)
Charges to Appropriations (Outflows)				
General Government	31,400	29,412	28,034	1,378
Health & Welfare	1,200	-	-	-
Community & Economic Dev.	2,000	1,786	1,786	-
Other Expenditures	6,050	5,124	5,124	-
Total Charges to Appropriation	40,650	36,322	34,944	1,378
 Budgetary Fund Balance - March 31, 2008	 \$ 49,879	 \$ 47,795	 \$ 44,433	 \$ (3,362)

TOWNSHIP OF HOME

Required Supplementary Information Budgetary Comparison Schedule for Fire Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Property Taxes	15,000	15,396	15,797	401
Amounts Available for Appropriation	15,000	15,396	15,797	401
Charges to Appropriations				
Public Safety				
Contracted Services	15,000	15,396	15,797	(401)
Budgetary Fund Balance - March 31, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802</u>

TOWNSHIP OF HOME

Required Supplementary Information Budgetary Comparison Schedule for Brine Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 10,603	\$ 10,603	\$ 10,603	\$ -
Resources (Inflows)				
Property Taxes	18,000	20,530	21,065	(535)
Reimbursements	-	-	6,616	
Other Revenue	-	-	-	-
Amounts Available for Appropriation	28,603	31,133	38,284	(535)
Charges to Appropriations				
Public Works				
Contracted Service	23,000	25,090	25,090	-
Total Charges to Appropriation	23,000	25,090	25,090	-
Budgetary Fund Balance - March 31, 2008	<u>\$ 5,603</u>	<u>\$ 6,043</u>	<u>\$ 13,194</u>	<u>\$ (535)</u>

TOWNSHIP OF HOME

Required Supplementary Information
Budgetary Comparison Schedule for Bridge Fund
For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 20,227	\$ 20,227	\$ 20,227	\$ -
Resources (Inflows)				
Property Taxes	-	-	-	-
Other	-	-	-	-
Amounts Available for Appropriation	20,227	20,227	20,227	-
Charges to Appropriations				
Public Works				
Repairs and Maintenance	-	-	-	-
Budgetary Fund Balance - March 31 ,2008	<u>\$ 20,227</u>	<u>\$ 20,227</u>	<u>\$ 20,227</u>	<u>\$ -</u>

TOWNSHIP OF HOME

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Taxes - Current	\$ 9,028	\$ 9,263	\$ 235
State Grants - Shared Revenue	15,028	17,958	2,930
PTAF	5,291	4,025	(1,266)
Grant - Cemetery	-	1,010	1,010
Interest	1,416	1,416	-
Permits	-	450	450
Miscellaneous	<u>9,326</u>	<u>2,604</u>	<u>(6,722)</u>
Total Revenues	40,089	36,726	(3,363)
Expenditures			
General Government			
Township Board			
Salaries and Wages		1,320	
Miscellaneous		<u>91</u>	
	1,411	1,411	-
Supervisor			
Salaries and Wages		3,280	
Miscellaneous		<u>33</u>	
	3,313	3,313	-
Clerk			
Salaries and Wages		5,180	
Miscellaneous		<u>172</u>	
	5,352	5,352	-
Treasurer			
Salaries and Wages		5,180	
Miscellaneous		<u>1,721</u>	
	7,678	6,901	777
Elections			
Salaries and Wages		312	
Miscellaneous		<u>869</u>	
	1,181	1,181	-

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Assessor			
Salaries and Wages		\$ 3,900	
Miscellaneous		988	
	\$ 5,489	<u>4,888</u>	\$ 601
Township Hall and Grounds			
Contracted Services		2,877	
	2,877	<u>2,877</u>	-
Cemetery			
Maintenance	1,200	1,200	-
Board of Review & Appeals			
Salaries		605	
Miscellaneous		306	
	911	<u>911</u>	-
Total General Government	<u>29,412</u>	<u>28,034</u>	<u>1,378</u>
Community & Economic Development			
Planning and Zoning			
Wages		1320	
Miscellaneous		466	
	1,786	<u>1,786</u>	-
Other Expenditures			
Unallocated			
Insurance		3,492	
Payroll Taxes		1,632	
	<u>5,124</u>	<u>5,124</u>	-
Total Expenditures	<u>36,322</u>	<u>34,944</u>	<u>1,378</u>
Excess Revenues Over (Under) Expenditures	<u>\$ 3,767</u>	1,782	<u>\$ (1,985)</u>
Fund Balance - Beginning		<u>42,651</u>	
Fund Balance - Ending		<u>\$ 44,433</u>	

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Council Members,
Township of Home
Newaygo County,
Bately, MI 49309

In planning and performing our audit of the financial statements of Township of Home as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Home's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Home's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. We identified the following deficiencies in internal control that we consider to be significant deficiencies.

Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

Grand Rapids
4575 Lake Michigan Dr. NW
Grand Rapids, MI 49546
Phone (616) 453-8551
Fax (616) 453-9352

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Controls over Non-Routine and Non-Systematic Transactions

The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Address Preparation of Financial Statements

As is common in Townships, the Township's accounting department currently does not perform the following functions:

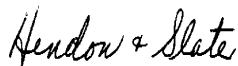
- Prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Township is unable to, and has not, established internal controls over the preparation of financial statements.
- Prepare schedules of property and equipment and record depreciation. Currently, in the course of performing the audit, depreciation schedules are updated for activity during the year, and depreciation is calculated and recorded.

As part of the audit, management has requested us to prepare a draft of the Township's financial statements, including the related notes to the financial statements. Management then performed a review of the financial statements. However, in order to provide improved oversight of the financial statement preparation services at an appropriate level and implement controls over the financial reporting process, management might establish review policies and procedures including the performance of some or all of the following functions:

- Review the adequacy of financial statement disclosures, possibly including reviewing and approving a completed disclosure checklist we would provide to you or by completing a disclosure checklist.
- Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.
- Apply analytical procedures to the draft financial statements.
- Perform other procedures as considered necessary by management.

This communication is intended solely for the information and use of management and the Township Board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Hendon & Slate, P.C.
Certified Public Accountants
October 24, 2008

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

October 24, 2008

To the Board Members
Home Township, Bitely, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Home for the year ended March 31, 2008, and have issued our report thereon dated October 24, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 11, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Home Township are described in Note A of the financial statements. Effective for the 2008 year, the Commission adopted the Government Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. No other changes of existing policies were made during the 2007-2008 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

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Management's estimate of the accumulated depreciation on property and equipment is based on straight line depreciation. In addition, asset salvage value is estimated as a percent of cost. We evaluated the key factors and assumptions used to develop the Capital outlay and assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Budget and Budget Over expenditures

Section 18 of the Uniform Budget Act states that expenditures shall not be made in excess of the amount authorized in the budget. In the current year, actual expenditures exceeded the budgeted amounts due to the budget being amended to actual at year end only. We recommend that the board monitor the original budget amounts and compare them to the actual amounts during the year and amend as soon as a deviation is apparent to comply with the Uniform Budget Act as opposed to amending the budget at year end to match the actual expenditures incurred.

Fixed Asset Capitalization Policy

We recommended the Township establish a capitalization policy with respect to the acquisition of property and equipment and all expenditures for repairs and maintenance that materially prolong the useful lives of assets. This means that expenditures for property and equipment over an agreed upon amount should be capitalized and those below should be treated as an expense. We also recommend you update your asset listing removing any assets that have been disposed of in prior years and adding any assets not on the records.

Deposit Cash Receipts on a Timely Basis

During our audit, we noted that several deposits were made an entire month after the receipt date. Not only is this a risk of loss from burglary, misplacement, or misappropriation, but the cash is also not available for expenditures or investment. We recommend that deposits be made on a daily or, at the maximum, a weekly basis both to improve cash flow and to reduce the risk of loss.

Investment Policy

We noted that the Township does not have an investment policy. An investment policy details the types of investments that the Township may hold. We recommend that the Board adopt a policy. We have attached a sample policy for the Board's consideration.

Books and Record

Once again, the books and records of the Township were in good condition. However, during our audit we noted a difference between the clerk's and treasurer's books. We recommend that the clerk and treasurer compare their books on a monthly basis to prevent any material differences at the end of the year.

Tax Distributions

During our audit, we noted that the distributions to other taxing authorities were not being made in a timely manner. Taxes collected up to and including January 10th must be remitted within 10 business days. Except that, at no time may the Township have on hand taxes in excess of 25% of the amount to be collected. Whenever tax collections reach 25% of the amount to be collected a disbursement must be made to the taxing authorities.

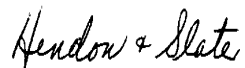
Segregation of Duties

While the Township is following the common practice amongst small governments of having the treasurer bear all of the responsibility for accounting for tax receipts and disbursements, the Uniform Accounting Procedures Manual does state that the clerk is to have a role in this process. Per the Manual, the Township should have a separate set of accounts similar to any other fund (such as the General Fund) and should use the same practices for accounting for transactions. That is to say that the Treasurer should receipt tax revenues and provide the receipt to the clerk to be recorded in the Tax Account. Although the treasurer is responsible for the disbursements from the tax account, the clerk should also record all of the checks out of the Tax Account and reconcile the accounts of this fund with the treasurer's records. We understand that the Township may see this as an unnecessary series of steps that have never been performed and are often not performed by other Townships, but we view this as an opportunity to both comply with the Uniform Accounting Procedures Manual as well as strengthening the internal controls over cash and the entire tax collection and disbursement process. We have included a copy of the Uniform Accounting Procedures Manual and would be happy to assist the township in implementing these changes.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the members of the board and management of Township of Home and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, PC
Certified Public Accountants
Fremont, Michigan